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C O N F I D E N T I A L SECTION 01 OF 02 DUSHANBE 000272

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SUBJECT: TAJIKISTAN: MURKY BUSINESS AND GEO-POLITICS

CLASSIFIED BY: Richard E. Hoagland, Ambassador, EXEC, Embassy Dushanbe.

REASON: 1.4 (b), (d)

11. (C) SUMMARY: In two meetings with U.S. businessmen on February 9, a reliable CEO passed along the rumor that the largest cell-phone and Internet company in Tajikistan, Babilon-T, is founded on drug money and may sooner or later be bought by Moscow's Sistema-MTS. A less reliable U.S. interlocutor asserted that Tajikistan knows that Russia/RusAl is jerking it around with the promise to build Rogun Dam and Hydroelectric Station. He says Tajikistan is wide open to U.S. leadership to build Rogun. END SUMMARY.

POTENTIAL MONEY LAUNDERING?

12. (SBU) The Ambassador met on February 9 with long-standing friend of the Embassy, Richard Seney (please protect), President and CEO of Alexandria-based MTC Corporation, which is the parent company of Indigo Cellular in Tajikistan, a joint venture with the Aga Khan Group. Seney is a credible interlocutor. MTC is also heavily invested in Afghanistan and elsewhere in Central Asia.

13. (C) Seney reported an "explosion" of cell-phone use in Tajikistan, with his company registering an increase during the past five months from 5M minutes to 25M minutes. His explanation: "The cell-phone culture is catching on." He said his company feels secure because its largest volume of business is in Khujand and surrounding Soghd Oblast, where it is autonomous from the Indigo leadership in Dushanbe, where it

could be subject to political whim. Even so, Seney remains a tad uneasy because his major partner in Sogdh is Governor Qosim Qosimov's brother, and the Qosimov's dominant position in Sogdh is subject to Dushanbe's political winds.

¶4. (C) Seney reported that the biggest cell-phone company in Tajikistan is Babilon-T (NOTE: The Embassy's Internet provider. END NOTE). Babilon-T's real ownership remains shrouded in mystery. The minority shareholder is believed to be "security agencies" in Tajikistan. The majority owners are extremely closely held, but rumored to be big drug money. According to Seney, there is clear evidence that Babilon-T's business leadership is positioning the company to sell it, by ineptly driving up the number of users, which is not the true value of a cellular company - minute-usage is the true value. Sistema-MTS from Moscow has long been in talks with Babilon-T, but has not yet reached an agreement, although in the end is expected to conclude the deal, because Tajikistan is the only place in Central Asia (apart from Kazakhstan) where Sistema does not have a footprint. Seney agreed with the Ambassador that a sale of Babilon-T, if the rumors are true, would be tantamount to major drug money laundering.

"TAJIKISTAN KNOWS RUSSIA IS JERKING IT AROUND ON HYDRO"

¶5. (SBU) The Ambassador met on February 9 with EurasiaLink's (also Superior Engineering-American Hydro) Rudolph Rubiner (please protect), who has a TDA-funded feasibility study on the table with the Ministry of Energy for the Varzob and Karakum Cascades hydroelectric projects.

¶6. (C) We do not consider Rubiner a fully credible interlocutor, and so report the following for what it is worth.

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¶7. (C) Rubiner first presented himself as already having the contract to build the Varzob and Karakum projects. When challenged on this, he became defensive and agitated, and then suggested what he really has is agreement-in-principle for EBRD to finance the project and, thus, will surely win the final contract because he is so close to the Energy Minister.

¶8. (C) A former Soviet citizen at ease operating in this environment, Rubiner has been spending a lot of "quality time" with Energy Minister Nurmahmadov at his dacha's sauna and in other social settings. Rubiner claims that Nurmahmadov, and thus President Rahmonov, are convinced that Russia/RusAl will never build Rogun Dam and Hydro-electric station, even though Russia keeps telling the West, "Hands off Rogun." They are especially dyspeptic that RusAl's Deripaska is now playing footsie with the Uzbeks, including with First Daughter Gulnora Karimova.

¶9. (C) According to Rubiner, the top-level Tajik view is that Putin threw in the promise on Rogun, via RusAl, at the October 14, 2004, summit in Dushanbe as a honey-trap to ensure that Moscow would get permanent status for its military base in Tajikistan and to build political capital. (NOTE: It is worth remembering that Deripaska's appearance at the October 14 summit was a surprise for all, even for most in the Russian delegation, as suggested by "Kommersant" articles and then-Russian Ambassador Maksim Peshkov. END NOTE.) According to Rubiner, all the hoopla that RusAl keeps slinging around in Tajikistan - pop-star concerts, billboards, relatively minor philanthropy - may be little more than eyewash to keep the Tajiks dangling for geo-political purposes.

¶10. (C) Rubiner asserted that Nurmahmadov and other senior Tajiks are desperate for U.S. leadership in the International Financial Institutions to take the lead on Rogun. "If you do that, Tajikistan will do anything you want," Rubiner insisted Nurmahmadov said. Rubiner pressed the Ambassador to spend the evening in Nurmahmadov's sauna. The Ambassador countered that he would be pleased to meet Nurmahmadov at any time in the Energy Minister's office.

¶11. (C) When asked if the business climate in Tajikistan has changed in the five years he has been involved here, Rubiner hesitated, then responded, "There's more money, but it's still Communist, or authoritarian - same thing. The President and his team control everything. It's all insider dealing. A deputy minister of energy just got the main factory for repairing city transformers, so he can profit from all the government contracts."

¶12. (C) COMMENT: This alleged Tajik understanding about Russia's intentions, or non-intentions, about Rogun does not indicate what they think about Deripaska's interest in the TadAZ aluminum plant, which is supposedly linked to the Rogun project. We know that the main business-political contact for Deripaska is Orien Bank's Chairman, First Brother-in-Law Hasan Sadullayev, but we know almost nothing about their business dealings. We occasionally hear rumors that the top Tajiks know that Deripaska is playing games with TadAZ, and that they are ever more leery of him since he allegedly accepted Uzbek President Karimov's complaint that TadAZ is polluting Uzbekistan. Whatever the truth, foreign businesses need a rather strong stomach to operate successfully here, or need a strong backbone of international transparency and rectitude, like Seney's MTC. END COMMENT.
HOAGLAND